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FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 8158

INFO AMEMBASSY BANGKOK

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CINCPAC

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S E C R E T SECTION 1 OF 3 RANGOON 1769

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, CH/XC

SUBJECT: CHINA AND SOUTHEAST ASIA; A PROVOCATIVE RESPONSE

REF: MANILA 6127; HONG KONG 6603

SUMMARY: PROCESS OF NORMALIZATION OF WHICH PRC-
MALAYSIA AGREEMENT IS PART, IN MY OPINION, POSES NO
THREAT TO U.S. INTERESTS. PRC HOPES ULTIMATELY TO SEE

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A "SOCIALIST" SEA, AND IT PROBABLY SHARES THE HOPE OF

MANY AMERICANS THAT CONDITIONS WILL BRING ABOUT THE WITHDRAWAL OF AMERICAN MILITARY INSTALLATIONS FROM MAILAND SEA. HOWEVER, THE PRC IS NOT WORKING ON A GRAND DESIGN TO BRING THIS ABOUT, IN MY OPINION. IN PARTICULAR, PRC BEHAVIOR DOES NOT SUGGEST A COORDINATED PLAN TO CURTAIL US OR JAPANESE ECONOMIC RELATIONS WITH SEA. WHILE SOME OF THE GOVERNMENTS OF SEA (PARTICULARLY THE INEFFICIENT ONES) HAVE SOMETHING TO FEAR FROM IDEOLOGICAL COMPETITUWN WITH PRO-PRC ELEMENTS, THIS NEED NOT BRING OUR INTERESTS INTO DIRECT CONFLICT WITH THOSE OF THE PRC, SO LONG AS WZKOBSERVE THE SELF-IMPOSED LIMITS OF THE "GUAM DOCTRINE". IF, IN ADDITION, WE BUILD UPON THE BASIS OF THE SHANGHAI COMMUNIQUE TO GIVE THE PRC A LASTING STAKE IN GOOD RELATIONS WITH THE US, AND IF, FURTHER, THE NATIONS OF SEA ESTABLISH SIMILAR RELATIONSHIPS, THE PROSPECTS OF PEACE WILL BE VERY GOOD. WE WILL STILL, IN MY OPINION, BE WELL ADVISED TO RETAIN A CAPABILITY TO APPLY MILITARY FORCE IF NECESSARY, BUT A LOW-COST, LOW-RISK, LOW-PROFILE, PRIMARILY NAVAL PRESENCE WILL BE AMPLE. END SUMMARY.

1. PRC-MALAYSIA AGREEMENT IS A STEP IN A LONG-FORESEEN PROCESS OF NORMALIZATION OF RELATIONS BETWEEN THE SEASIAN NATIONS AND CHINA. IT POSES NO NEW THREAT TO U.S. INTERESTS, UNLESS WE ARBITRARILY DEFINE THIS KIND OF MUTUAL ACCOMMODATION AS HARMFUL OR OBJECTIONABLE PER SE. IN FACT, I WOULD SAY THAT IF WE STICK TO THE GUAM DOCTRINE, AND EXERCISE DUE CARE TO AVOID CHALLENGING SOME PRC NATIONAL INTEREST, THERE IS NO REASON TO CONSIDER A DIRECT CLASH BETWEEN US AND PRC INTERESTS IN THIS REGION INEVITABLE OR EVEN PROBABLE.

2. WHILE IT IS SURELY A PRC HOPE THAT THE REGION WILL EVENTUALLY FIND ITS WAY TO "SOCIALISM", AND WHILE THE PRC MAY BE EXPECTED, IF THERE ARE NO CONTRARY CONSIDERATIONS, TO AFFORD LOW-COST, LOW-RISK, PRIMARILY VERBAL SUPPORT TO SOME COMMUNIST ELEMENTS, THE PRC IS NOT IMPLEMENTING ANY GRAND DESIGN TO COMMUNIZE THE REGION. INSTEAD, PRC BEHAVIOR TOWARD WOUTHEAST ASIA REFLECTS AN INTERPLAY OF ACTION AND RESPONSE INVOLVING A MULTIPLICITY OF RATHER REDICTABLE PRC INTERESTS, DRIVES, PREDILECTIONS AND
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POLICIESSZN THE ONE HAND, AND, ON THE OTHER, THE CHALLENGES, OPPORTUNITIES AND STIMULI (INCLUDING THE ACTIONS OF THE U.S. AND OTHER NATIONS) OCCURRING IN THE AREA. AS CHOU EN-LAI ONCE SAID TO SOMEONE WHO ASKED HIM HIS SECRET OF SUCCESS IN DIPLOMACY, "I DON'T ACT, I REACT." THIS CAN BE SAID BY MANY "NORMAL" FOREIGN MINISTERS. IT IS WORTH NOTING THAT IT CAN ALSO BE SAID BY CHOU.

3. PRINCIPAL PRC MOTIVATIONS PERTINENT TO FOREIGN RELATIONS INCLUDE MAINTENANCE OF TERRITORIAL INTEGRITY, SECURITY (ESPECIALLY BORDER SECURITY), WHAT MIGHT LOOSELY BE CALLED NATIONAL PRIDE, THE DESIRE TO VINDICATE THE PRC BRAND OF IDEOLOGY (PARTICULARLY AS OPPOSED TO THE SOVIET BRAND), ECONOMIC INTERESTS, THE NEED TO ELIMINATE CHALLENGES TO PRC LEGITIMACY (E.G., THE GRC/KMT), AND THE DESIRE TO AFFECT THE DOMESTIC POLITICAL CLIMATE OF THE PRC. THE SOVIET CHALLENGE TO THESE PRC INTERESTS (ESPECIALLY IDEOLOGICAL COMPLEX) IS SO SERIOUS AND OF SUCH LONG STANDING THAT RIVALRY WITH SOVIETS HAS VIRTUALLY (BUT NOT QUITE) ASSUMED THE CHARACTER OF A CATEGORICAL IMPERATIVE. A FEW YEARS BACK, WHEN US CHALLENGE TO TERRITORIAL INTEGRITY (I.E., TAIWAN), BORDER SECURITY, AND IDETSOGY LOOMED LARGE, IT IS WIDELY ASSUMED THAT THE DESIRE TO DRIVE THE U.S. OUT OF ASIA WAS ALSO A CATEGORICAL IMPERATIVE. HOWEVER, THIS TURNS OUT NOT TO HAVE BEEN THE CASE; RATHER THE DESIRE TO "EXTRUDE" US WAS FUNCTION OF CHALLENGES WE WERE THOUGHT TO POSE TO PRC INCTERESTS.

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CINCPAC FOR POLAD

4. THE BURMESE CASE EXEMPLIFIES THE PITFALLS OF TRYING TO ANALYZE PRC BEHAVIOR IN TERMS OF A SINGLE SO-CALLED "OVER-RIDING" INTEREST, SUCH AS RIVALRY WITH THE SOVIETS, DETENTE WITH THE US, "STABILITY" OR "EQUILIBRIUM". PRC SUPPORT FOR THEQCP DOES NOT HELP DETENTE, STABILITY, OR EQUILIBRIUM, AND HARDLY HELPS PEKING VERY MUCH IN ITS RIVALRY WITH MOSCOW. IN MY OPINION, SUCH FACTORS AS THE MOMENTUM OF THE INVOLVEMENT BEGUN SIX OR SEVEN YEARS AGO, SERVICE TO LOW-PRIORITY IDEOLOGICAL INTERESTS, DOMESTIC

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POLITICAL CONSIDERATIONS, BORDER SECURITY, AND THE KMT IRRITANT HAVE COMBINED TO OUTWEIGH RELATIVELY MODEST COSTS IN TERMS OF GUB ILL-WILL, DISHARMONY IN STATE-TO-STATE RELATIONS, TARNISHING THE PRC IMAGE IN THE EYES OF OTHER SEASIAN NATIONS, AND AT LEAST AMBIGUOUS EFFECTS ON PRC-SOVIET RIVALRY. I SAY "RELATIVELY MODEST COSTS", BECAUSE THAT IS AND WILL BE THE CASE AS LONG AS THE PRC OBSERVES THE SELF-IMPOSED RESTRAINTS THAT HAVE CHARACTERIZED THE INVOLVEMENT SO FAR. BY THE WAY, I EXPECT THESE RESTRAINTS TO CONTINUE.

5. PRC BEHAVIOR TOWARDS BURMA (OR, FOR THAT MATTER, TOWARD HONG KONG, MACAU, OR ANY OTHER SEA COUNTRY I CAN THINK OF) DOES NOT SUGGEST A "WELL CONCEIVED, CAREFULLY EXECUTED PLAN" TO DIPLACE US OR JAPANESE INFLUENCE. IF THE PRC INDEED HAD SUCH A PLAN, ITS BIGGEST ASSET IN BURMA WOULD BE, NOT THE OVERSEAS CHINESE (THE BORDER-STRADDLING ETHNIC MINORITIES THAT PROVIDE MOST OF THE MANPOWER OF THE BCP INSURGENCY ARE NEITHER HAN CHINESE NOR WHAT IS USUALLY CALLED "OVERSEAS CHINESE"), BUT THE GOODWILL THAT THE GUB HAS BEEN SO EAGER TO OFFER, THE ADMIRATION MANY BURMESE HAVE FOR THE PRC'S RELATIVE SUCCESS IN ACHIEVING WHAT THE GUB CAN ONLY TALK ABOUT--EGALITARIANISM CUM ECONOMIC PROGRESS, AND BURMA'S RESIDUAL ANTI-COLONIAL, ANTI-IMPERIALIST BIASES. THE OVERSEAS CHINESE HAVE NOT BEEN AN ASSET IN ANY SENSE, AT LEAST SINCE 1967, AND THE PRC HAS TREATED GUB GOODWILL OVERTURES, IF NOT WITH CONTEMPT, AT LEAST WITH NONCHALANCE.

6. IF THE PRC WERE TO ENGAGE US AND THE JAPANESE IN

COMMERCIAL COMPETITION THROUGHOUT SEA, I SHOULD THINK WE OUGHT TO BE DELIGHTED. NOTHING COULD HAVE A GREATER CIVILIZING INFLUENCE ON THE PRC THAT HAVING TO GEAR UP FOR PRODUCTION OF CONSUMER PRODUCTS ON THE MASSIVE SCALE INVOLVED. UNFORTUNATELY, THE NOTION OF A CHINESE PLOT TO DISLODGE OUR (AND JAPAN'S) ECONOMIC PRESENCE FROM SEA BY ECONOMIC MEANS LACKS CREDIBILITY. HOW CAN THEY SQUANDER THEIR SCARCE RESOURCES IN A COSTLY EFFORT TO ELIMINATE OUR COMMERCIAL RELATIONS WITH SEA WHILE THEY ARE STEADILY EXPANDING THEIR OWN COMMERCIAL RELATIONU WITH US AND THE JAPANESE? I EXPECT THEY WILL, FROM A VARIETY OF MOTIVATIONS, AS SUGGESTED IN PARA 3 ABOVE, SEEK TO IDENTIFY THE PRC

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WITH ANTI-IMPERIALISM, ANTI-CAPITALIST, AND ANTI-JAPANESE SENTIMENTS WHICH MAY BE READY TO HAND IN THE AREA. BUT THIS WILL NOT, IN MY OPINION, ATTAIN THE PROPORTIONS OF A WELL CONCEIVED, CAREFULLY EXECUTED AND COORDINATED PLAN TO PREVENT US FROM HAVING THE FULL NORMAL RANGE OF ECONOMIC AND COMMERCIAL RELATIONS WITH SEA.

7. NOR, IN MY OPINION, DOES THE USG WHAVE MUCH TO FEAR FROM IDEOLOGICAL (REPEAT IDEOLOGICAL) COMPETITION BETWEEN THE PRC OR THEIR ADMIRERS AND THE DULY-CONSTITUTED GOVERNMENTS OF SEA, SO LONG AS WE CAN, BY STRICT ADHERENCE TO THE GUAM DOCTRINE, AVOID INORDINATE DIRECT INVOLVEMENT. EGALITARIAN SOCIALISM, IN THE EXTREME FORM PRACTICED IN THE PRC, HAS SOME OBJECTIVELY QUITE ADMIRABLE ASPECTS; BUT IT IS NO MAGIC CARPET TO THE ECONOMIC DEVELOPMENT SOUGHT BY THE SEASIANS. RATHER, UNLESS PRC-STYLE EQALITARIAN SOCIALISM IS COUPLED WITH POWERFUL COERCIVE MECHANISMS AND DILUTED JUDICIOUSLY WITH INCENTIVES, IT IS MORE LIKELY TO ACT AS A DRAG ON ECONOMIC PROGRESS. AND BESIDES THESE DUBIOUS FEATURES OF THE CHINESE MODEL, PRO-PRC ACTIVISTS MUST ALSO CONTENTEND WITH THE IRRATIONAL KINDS OF LIABILITIES MENTIONED IN PARAGRAPH 9 OF REFTEL.

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8. ADMITTEDLY, SOME OF THE GOVERNMENTS OF SEA MIGHT HAVE SOMETHING TO FEAR. HOWEVER, IF THE PRO-PRC FORCES IN ANY SEA COUNTRY SEEM TO BE WINNING THE COMPETITION, THE THREATENED GOVERNMENT PROBABLY HAS NOT BEEN DOING A VERY GOOD JOB. SUCH A GOVERNMENT WOULD STILL HAVE THE OPTION OF SEEKING EXTERNAL ADVICE AND ASSISTANCE IN COPING WITH SUBVERSION OR INSURGENCY. IN MY OPINION, THE U.S. OUGHT NOT TO PROVIDE THE REQUESTED ASSISTANCE UNLESS WE ARE SURE THERE HAS BEEN COMPARABLE EXTERNAL ASSISTANCE TO ANTI-GOVERNMENT
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ELEMENTS. EVEN THEN, WE OUGHT TO PROVIDE LIMITED MATERIAL ASSISTANCE ONLY IF (A) WE CONSIDER THAT THE REQUESTED ASSISTANCE IS NECESSARY AND SUFFICIENT TO ENABLE THE THREATENED GOVERNMENT TO WIN, AND (B) WE CONSIDER IT IMPORTANT TO OUR NATIONAL INTEREST THAT THE GOVERNMENT IN QUESTION SHOULD WIN.

9. BY KEEPING OUR INVOLVEMENT WITH THE GOVERNMENTS OF SEA

WELL INSIDE THESE SELF-IMPOSED LIMITS, WE WILL HAVE DONE WHAT WE CAN AND SHOULD DO TO MINIMIZE THE PROBABILITY OF PRC USE OF FORCE BEYOND ITS BORDERS, EVEN THOUGH WE WILL NOT HAVE ELIMINATED THE POSSIBILITY OF SUCH "ANOMALIES" AS PRC INVOLVEMENT WITH THE BCP. IF, IN ADDITION, WE BUILD UPON THE BASIS OF THE SHANGHI COMMUNIQUE TO GIVE THE PRC A LASTING STAKE IN GOOD RELATIONS WITH AMERICA, WE WILL AT ANY RATE VIRTUALLY ELIMINATE THE DESIRE TO "EXTRUDE" US FROM SEA AS A SIGNIFICANT DETERMINANT OF PRC POLICY. AND IF THE RELATIVE SUCCESS OF OUR EXAMPLE ENCOURAGES THE NATIONS OF THE SEA TO ESTABLISH SIMILAR RELATIONSHIPS WITH THE PRC, THE PROSPECTS FOR PEACE IN THE AREA WILL BE STILL FURTHER ENHANCED, ALTHOUGH, AS THE BURMESE EXPERIENCE SUGGESTS, NOT ABSOLUTELY GUARANTEED.

10. A COUPLE OF FINAL CAUTIONS ARE IN ORDER. FIRST, EVEN THOUGH THE SEA SITUATION CONTEMPLATED ABOVE IS NOT ENTIRELY SATISFACTORY, IT IS BETTER THAN THE SITUATION THAT COULD RESULT IF WE SOUGHT TO IMPOSE OUR OWN IDEAL LIMITS ON PRC ACTIVITIES AND INFLUENCE IN THE REGION. SECOND, WHILE THE KIND OF U.S. POSTURE SUGGESTED WILL GIVE US AT LEAST AN 80-20 CHANCE OF AVOIDING DIRECT MILITARY CLASHES, DETERRENCE OF THE ODD 10 OR 20 PERCENT CHANCE OF CONFLICT, IN MY OPINION, FULLY WARRANTS THE MAINTENANCE OF A LOW-COST, LOW-RISK, LOW-PROFILE MILITARY CAPABILITY, SUCH AS THE FLEET CAN PROVIDE.

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